

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed steady to firm tone on Friday.

In The News: In the current season, cotton acreage is likely to decline by 35% as farmers are shifting to other crops like paddy, sugarcane and pulses. The price of good quality extra-long staple cotton expected to be over around Rs 6,000 to Rs 6,200 per quintal in December and January next year and farmers have been asked to go for cotton sowing. In Tamil Nadu, cotton was grown in an area of 0.1 million ha with production of 0.53 million bales (170 kg a bale) during 2014-15.

According to preliminary report by the government, cotton sowing as on 8th July, 2016 has been covered under 67.89 lakh hectares compared to 87.83 lakh hectares during the same period previous year.

According to the data from Union agriculture ministry's department of economics and statistics (DES) shows that area under cotton crop this season has declined to 2.56 lakh hectares in the state, the lowest since 1955-56. In 2015-16, cotton acreage in Punjab was at 4.50 lakh hectares. Acreage has declined mainly due to fear of Whitefly pest attack.

The Cotton Advisory Board has lowered cotton output in 2015-16 season on lower acreage. Cotton production estimates are 12 per cent lower at 338 lakh bales in 2015 -16 season compared to 386 lakh bales during the previous season. India's cotton imports have already touched 15 lb (14 lb) and may hit 18 lakh bales in next three months. The total cotton supply is estimated lower by three per cent to 419 lb (433 lb). Exports are seen higher at 68 lb (58 lb) even as domestic mill consumption dropping to 274 lb (278 lb) leading to higher demand of 376 lb (367 lb). The closing stock is expected to be lower at 43 lb (66 lb).

India exported 0.184 lakh bales of cotton last week (04 -10 July 2016), which was 0.196 lakh bales previous to last week (27 June -03 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (04 -10 July, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.111 lakh bales of cotton from India in the past week (04 -10 July, 2016). Other major importers were Vietnam, Indonesia, Pakistan and Japan and their imported volumes were 0.047 lakh bales, 0.011 lakh bales, 0.011 lakh bales and 0.002 lakh bales respectively.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of April 2016 are estimated at 302.40 lakh bales, lower compared to previous year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

International Fundamentals:

India is backing major cotton growing African countries in their demand for immediate elimination of cotton export subsidies and a timeline for reduction of domestic support by heavily subsidising members such as the US.

According to Karachi Cotton Association (KCA), lower output of cotton is expected in the 2016 -17 season compared to previous season. Due to lower production in the previous season and in the coming season, the local textile industry has to import raw cotton and ensure its contribution towards achieving the target of export fixed through exports of value added products as well as earning foreign exchange for the country.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 97.92 million bales, 18 per cent below last season. World ending stocks are now projected lower at 100.27 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

Outlook

We expect domestic prices to remain range bound to firm in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	+28.00	1013	1052.5	1009.5	1041.50	11675	-1978	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	312.50		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5.16 pm on 15 July- 2016

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+210	23710	23990	23540	23860	3205	1709	1907963	-940793
Nov-16	+640	22350	23140	22320	22930	3467	943	1976198	-449987

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		930		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5.16 pm on 15 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Jul-16	14-Jul-16	
Gujarat	Ahmedabad	Shankar-6	6260	6260	Unch
	Gondal	Shankar-6	6580	6255	325
	Rajkot	B.T. Cotton	6770	6590	180
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6500	6500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6600	6500	100
	Fatehabad	B.T. Cotton	6600	6500	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	7225	7000	225
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4350	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	Unch
	Kurnool	Un-Ginned	NA	NA	Unch
	Krishna	Un-Ginned	NA	NA	Unch
	East Godavari	Un-Ginned	NA	NA	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6464	6439	25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Jul-16	14-Jul-16	
Punjab	Bhatinda	J-34	4980	4890	90

	Abohar	J-34	4980	4900	80
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4970	4880	90
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Jul-16	14-Jul-16	
Gujarat	Ahmedabad	Shankar-6	1020	850	170
	Gondal	Shankar-6	36	15	21
	Rajkot	B.T. Cotton	235	225	10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	119	340	-221
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	Unch
	Kurnool	Un-Ginned	NA	NA	Unch
	Krishna	Un-Ginned	NA	NA	Unch
	East Godavari	Un-Ginned	NA	NA	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	75	30	45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Jul-16	14-Jul-16	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Jul-16	13-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34700	34500	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35200	35000	200
J-34(202)	26mm	3.5 - 4.9	23	45800	45300	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46800	46500	300
Shankar-6(105)	29mm	3.5 - 4.9	28	47600	47200	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49500	49200	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50300	50000	300
DCH-32(107)	34mm	3.0 - 3.8	33	56600	56600	Unch

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		15-Jul-16	14-Jul-16	
Rajkot	Rs. /10 Kg.	710	710	Unch
New Delhi	Rs. /10 Kg.	705	685	10
Hyderabad	Rs. /10 Kg.	660	655	5
Mumbai	Rs. /10 Kg.	708	708	Unch

Cotton Seed Oil Seed Cake Prices
Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		15-Jul-16	14-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2697	2660	37
Akola	Rs./Qtl	2700	2645	55

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	13998	156
CCIndex(527)	12966	138
CCIndex(229)	14297	145
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 14-July-2016		
Index	Cents/lb	Change
FC Index (S)	85.85	2.16
FC Index (M)	83.16	2.53
FC Index (L)	79.74	1.56

Cotlook Index: As on 14-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	83.85	2.35

USDA Cotton Spot Rates: As on 14-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.82	77.07	5804.00
North Delta	73.32	76.07	NIL
South Delta	73.32	76.07	NIL
East TX-OK	70.25	72.25	1047.00
West Texas	70.25	72.00	6158.00
Desert SW	71.07	77.07	NIL
SJ Valley	72.32	82.22	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 14-July-2016					
Contract	Open	High	Low	Close	Change
Oct-16	73.14	74.62	72.39	73.82	0.44
Dec-16	73.00	74.67	72.31	73.87	0.72
Mar-17	72.53	74.35	72.20	73.54	0.76
May-17	72.52	74.00	72.52	73.33	0.77
Jul-17	72.35	73.63	72.35	73.05	0.61
Oct-17	72.36	72.36	72.36	72.36	0.46

Pakistan Cotton Spot rates: As on 14-July-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	135	6135
Equivalent	40 Kgs	6430	145	6575

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